

COMMITTEE ON GOVERNMENT REFORM

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MEDIA ADVISORY

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Committee to Examine GSA Restructuring Efforts

*Is the Taxpayer Getting Best Value from Current Operations?
How Can GSA Improve the Way It Does Business?*

What: Government Reform Committee Oversight Hearing:
"Service Oriented Streamlining: Rethinking the Way GSA Does Business"

When: WEDNESDAY, MARCH 16, 2005, (immediately following a 10:00 am Committee business meeting)

Where: ROOM 2154, RAYBURN HOUSE OFFICE BUILDING

Background:

The Committee will conduct an oversight hearing on restructuring the General Services Administration's (GSA) operations – particularly its Federal Supply Service (FSS) and Federal Technology Service (FTS) – in order to meet the demands of the modern government market and to address GSA's management challenges. There needs to be better operation of and coordination among the GSA entities to maximize efficiency and ensure that the organizations are not duplicative, redundant and inefficient.

GSA announced a few weeks ago that it is restructuring its organization, starting with FTS and FSS as well as administrative functions in the CIO and CFO offices. The Committee is continuing its efforts on the legislative front since a statutory proposal may be necessary to facilitate such a substantial reorganization - this needs to be a collaborative effort and our work should complement each other well. The hearing will explore GSA's actions to remedy its management challenges and respond to the evolving technology market.

Through the FTS and the FSS revolving funds, GSA each year buys products and services from the private sector worth well over \$30 billion and resells them to federal

agencies. FTS and FSS take slightly different approaches to filling the needs of their customers (federal agencies). Under FSS (used by federal agencies to purchase goods and services such as furniture, and management services), federal agencies can deal directly with private sector vendors who make their products available on the FSS Schedule, which is managed by GSA. Under FTS (used by federal agencies to purchase IT related goods and services), GSA plays a more active role by acting as a “third party advisor” for the federal agency in acquiring telecommunication and information technology goods and services. Fees collected from their customer agencies are the main source of funds for both programs. While the bifurcated system may have made sense two decades ago when IT investments were a relatively new phenomenon (for example, when one large, complex main frame computer serviced an entire office), technologies such as laptop computers, cell phones, and email are now as ubiquitous with office supplies as are desks and phones. As a result, the Committee and the Administration have been looking into legislative and administrative options to consolidate FSS and FTS into one fund, providing federal agencies with a one-stop shop to acquire all of their goods and services.

The hearing will build on the information developed in prior hearings held by this Committee (including hearings conducted by the Subcommittee on Technology and Procurement Policy from the 107th Congress) on structural and management challenges facing GSA. Also key are recent revelations of contract management challenges in FTS exposed by two GSA Inspector General (IG) reports and the changing dynamics in the technology market. The technology market has evolved from the acquisition of stand-alone hardware or services to solutions that are a mix of products and services. There is no longer a need for separate service for technology and other products and services. Two separate buying organizations operating out of two different funds has become a barrier to coordinated acquisition of management services and the technology needed to support a total solution.

The Committee will assess GSA’s progress towards establishing itself as a best value supplier of products and services to federal government customers in today’s market. GSA started this process back in 2002 in response to a report by Accenture on FTS/FSS organizational issues. GSA took several actions, including transferring contract development and management activities from FTS to FSS, as well as combining market research and marketing functions in FSS. The agency is currently in the process of reorganizing FSS and FTS into a single, more efficient and effective acquisition entity. The plan is to have the new organization supported by a unified Acquisition Services Fund created by the merger of GSA’s General Supply Fund and Information Technology Fund. The merger of the funds was proposed by the Administration in the latest budget submission.

While the initial realignment activities were underway, the GSA IG in 2003 issued a disturbing report concerning mismanagement of several FTS contracts in GSA’s Bremerton, Washington office in GSA’s Northwest Region and another in late 2004 showing similar problems in the remaining ten GSA Regions. In response, GSA established its “Get it Right” initiative aimed at ensuring that all GSA contracting vehicles are used in accordance with applicable laws and policies. This initiative is ongoing along with the reorganization efforts. Critical to the permanent resolution of

GSA management challenges is ensuring that the structural reforms are memorialized in GSA's organic legislation so that the remedies developed will endure.

WITNESSES

Panel One:

The Honorable Stephen Perry, Administrator, United States General Services Administration, accompanied by Ms. Donna Bennett, Commissioner, Federal Supply Service, and Ms. Barbara Shelton, Acting Commissioner, Federal Technology Service

Ms. Deidre Lee, Director of Defense Procurement and Acquisition Policy, United States Department of Defense

Mr. Eugene Waszily, Assistant Inspector General for Auditing, United States General Services Administration

Panel Two:

Mr. Thomas Hewitt, CEO, Global Government, on behalf of the Information Technology Association of America

Mr. Vic Avetissian, Corporate Director, Government Acquisition Initiative, Northrop Grumman, on behalf of the Contract Services Association (CSA) Public Policy Council

Professional Services Council representative

Coalition on Government Procurement representative

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